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OGC Has Reviewed

6 July 1949

CONFIDENTIAL

MEMORANDUM FOR: THE EXECUTIVE

REFERENCE: Administrative Instruction
Paragraph 6, Sub-sections a and c.

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1. A recent paper submitted to the Director has raised the question of what situations require action by the Director, directly or through PRC, under the provisions of Sub-sections a and c of paragraph 6, Administrative Instruction

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2. Sub-section a prohibits the approach to outside agencies involving transfer of CIA funds without prior approval by the Director. Subsection c provides that where the Director has given such general approval, specific projects will then be presented to PRC. The doubt arises from the fact that in the case under consideration, the Director's approval had been given after PRC action to the general program under which the specific transfer of funds is being made. It would appear to us that if the approved program clearly contemplated liaison with, and support by, this outside agency, no further approval would be needed under 6 a. Again, if the program clearly included, in its provisions, the actual project, no action would be required under 6 c. In the case under consideration, there is no indication whether the terms of the program were such as to comply with the requirements of either 6 a or 6 c.

3. Since many similar transfers will arise in the future, it is suggested the problem could be simplified as follows: If the Assistant Director believed the specific project was already covered in one of his approved programs, he would approve the project and refer it to the Budget Officer to make the necessary transfer arrangements. If the Budget Officer had any doubts as to compliance with 6 a and 6 c, he would refer the matter to the Executive for determination as to whether PRC

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4. It appears to us that normally the question would arise under 6 c rather than 6 a since the programs involved generally contemplated assistance to and by outside agencies.

/s/

LAWRENCE R. HOUSTON
General Counsel

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